

**CONFIDENTIAL FINANCIAL INFORMATION SUBJECT TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-135, 05-337, 03-109, CC DOCKET NOS. 01-92, 96-45, GN DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE THE FEDERAL COMMUNICATIONS COMMISSION.**

Molalla Communications Company submits its five year progress report for Service Quality Improvement pursuant to C.F.R. 54.313(a)(1) detailing its progress towards meeting its targets for improvement and upgrade to company network throughout its service area.

This progress report details how Molalla Communications Company (Molalla) continues to meet its broadband obligations within its service area, completes service requests within a reasonable amount of time and provides reliable state-of-the-art telecommunications services within its study area that includes [REDACTED] rural customers in two exchanges. The projects listed within the progress report are designed to continue to provide improved service quality, improved service coverage, and improve service capacity within the wirecenter boundaries of Molalla. In addition, this progress report provides sufficient data that details capital and operational expenditures, the amount of USF received allocated between capital and operational expenditures. All USF funds received and detailed within this progress report was used in accordance with federal rules and regulations towards improving service quality, service coverage, and service capacity. Molalla has one wire center: MLLLORXADSO in Molalla Oregon.

Molalla Communications Company estimates that in 2015 roughly; [REDACTED] of the USF support was utilized to replace deteriorating plant and subscriber equipment in order to improve the quality of the services provided to customers, [REDACTED] of the USF support was utilized to build fiber optic facilities to subscribers to extend ubiquitous coverage to additional customer, and [REDACTED] of the USF support was utilized to upgrade the network and equipment to be able to provide more capacity on the subscriber network and more overall service capacity.

Molalla Communications Company anticipates that it will make the following improvements and/or upgrades to its network over the next five years:

2015 Projected Network Improvements/Upgrades				VOICE
Project Description	Estimated Start Date	Estimated Completion Date	Area Served	Population Served
Fiber to the Home - Replace copper with fiber for residential customers	[REDACTED]	[REDACTED]	MLLLORXADSO	[REDACTED]
Upgrade switching equipment			MLLLORXADSO	
Upgrade backbone network equipment			MLLLORXADSO	

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2015 Projected Network Improvements/Upgrades				BROADBAND
Project Description	Estimated Start Date	Estimated Completion Date	Area Served	Population Served
Fiber to the Home - Replace copper with fiber for residential customers	[REDACTED]	[REDACTED]	MLLLORXADSO	[REDACTED]
Upgrade backbone network equipment			MLLLORXADSO	

Annual Reporting for High-Cost Recipients

47 C.F.R. 54.313

Molalla Communications Company

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Molalla Communications Company estimates that the capital and operating expenditures, by Part 32 account, for the 2015 projects listed above are as follows:

**FY 2015**

**2110 Land & General Support**  
**2210 Central Office Switching**  
**2230 Central Office Transmission**  
**2410 Cable & Wire Facilities**  
**Total Capital Expenditures**



In addition to the above planned capital expenditures, the Company projects that it will incur the following operating expenses, by expense category, over the next five years:

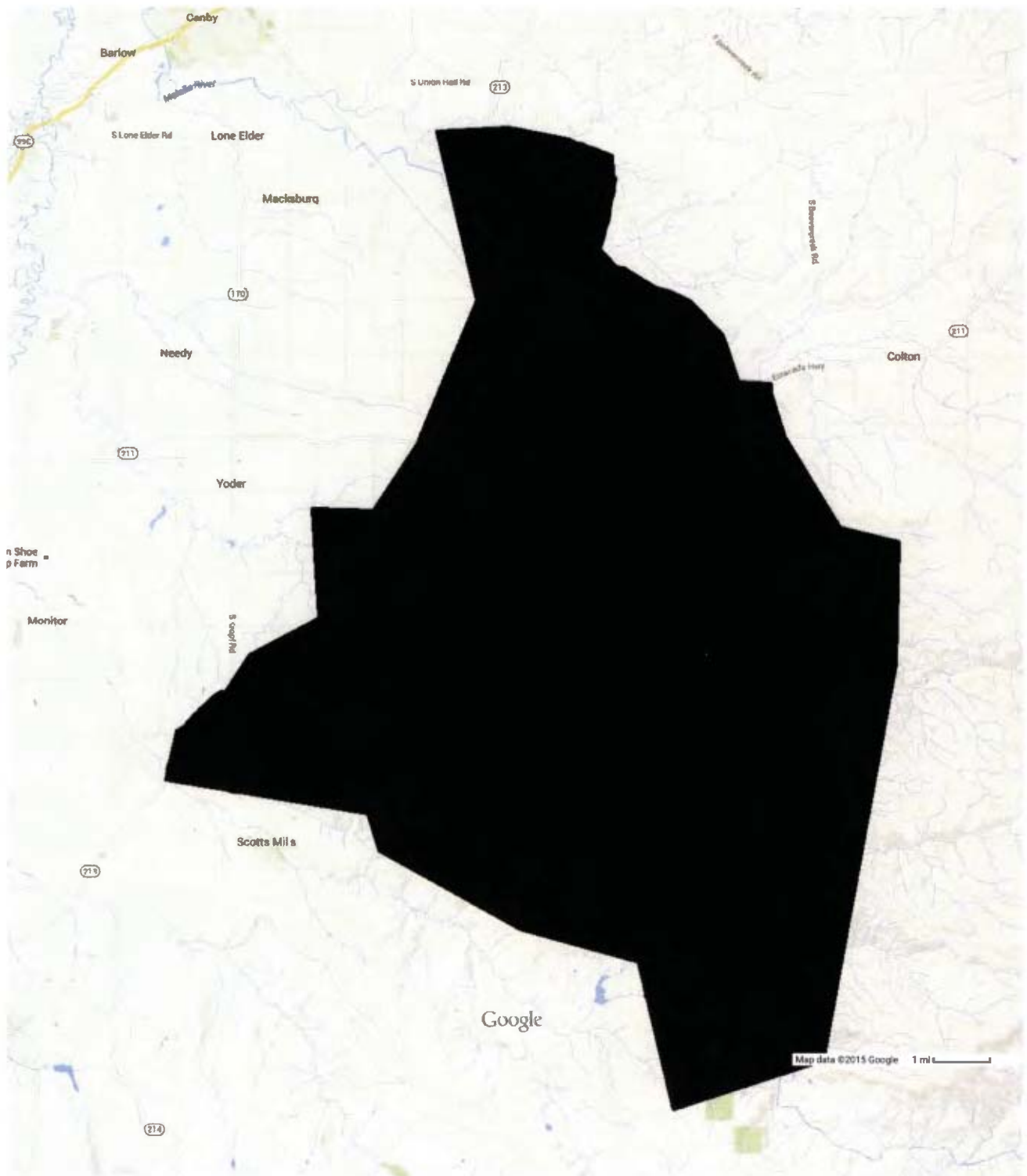
**FY 2015**

**Plant Specific**  
**Plant Non-Specific**  
**Depreciation**  
**Customer Operations**  
**Corporate Operations**  
**Total Operating Expenses**



Molalla Serving Area FTTH Projects

## Molalla Wirecenter Boundary



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<114> Report how much universal service (USF) support was received

[REDACTED] USF YTD (1-1-2015 thru 6-15-2015)

USF Breakdown

[REDACTED] Capital Expenditures of USF  
[REDACTED] Operating Expense Expenditures of USF

<115> How (USF) was used to improve service quality

[REDACTED]

<116> How (USF) was used to improve service coverage

[REDACTED]

<117> How (USF) was used to improve service capacity

[REDACTED]

<118> Provide an explanation of network improvement targets not met in the prior calendar year.

[REDACTED]